

A Look Ahead to 2021

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Kevin Kajiwara (KK): Well, good day, everyone. And thank you for joining our final Teneo Insights call of the year. And I want to send a special thanks to our loyal listeners who've been on so many of these calls. This is our 34th call of the year. I'm Kevin Kajiwara Co-President of Teneo Political Risk Advisory in New York City. A lifetime ago, and by that, I mean, back in May, I was joined on this call by Mervyn Davies who is a Teneo Senior Advisor. At the time the U.S. had recorded 1.2 million cases of coronavirus infections and 73,000 COVID-19 related deaths. The April nonfarm payrolls number came out that week. It had just been released. It was an astonishing decline of 20.5 million, the most ever. It was a more innocent time in a sense. I spent much of that conversation asking him about company managements and boards preparing to come out of lockdown and how to re-stimulate consumer demand.

Well, today he's back with us and the world is a very different place. The U.S. has now reported nearly 17 million cases and over 303,000 deaths. And while vaccines have arrived, America has some grim days ahead having to endure a near 9/11 level event every day for

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the next 60 to 90 days, according to the CDC. And economies are in a very different place. The pandemic has cost the world about 8% of GDP this year. China is growing, the monetary taps are on globally, but fiscal authorities are slower to act than they were in the spring. We've got a new American president upcoming who was about to hit the quadrennial reset button. What it all means is perilous uncertainty for corporate managements and boards, as they navigate the pandemic and uneven global economic recovery, the largest social justice movement in American history with global spillover, climate change, a rising China, and perhaps the biggest rethink of the social responsibility of the corporation since Milton Friedman's seminal *New York Times* magazine essay in 1970.

So, I can think of nobody better to finish out our year because he has got thoughts on all of these things. And so, I'm happy to have him back. Lord Davies of Abersoch is Chairman of the international investment firm LetterOne. He's Chairman of the private equity firm, Corsair Capital, which specializes in financial services and he's Chairman of Intermediate Capital Group. Previously, he was the Chairman and CEO of Standard Chartered. Beyond his business interests he was the Minister of State for Trade Investment and Business, in the Cabinet of the Labor Prime Minister, Gordon Brown. He is the Chairman of the Lawn Tennis Association, which brings us the Wimbledon Championship every year. And he's the Chairman of Glyndebourne Productions, which is the beautiful opera house in the English countryside. And he sits in the House of Lords. I, on the other hand, sit at home and work for Teneo.

If you've got a question for Mervyn, please utilize the moderator chat button on your screen. And we'll try to incorporate that into our conversation today. But Mervyn,

before we get to all of the uncertainties of 2021, I want to ask you about something we do know for certain and that's Brexit. The transition year ends on December 31. I know that negotiations are ongoing, but we're getting perilously close to the end of the year. My question for you is, what do you expect? What do you think is going to happen between U.K. and EU negotiators and where are we going to get?

Mervyn Davies, Lord Davies of Abersoch (MD): Well, firstly, Kevin, great to be on the 34th webinar. I think what you've provided in the webinar series has been fantastic. So, congratulations.

KK: Thanks so much.

MD: For those of you that can't see me, I'm sat at home, not in the House of Lords. By the way I don't think the House of Lords has very good Wi-Fi, but look, the timing of Brexit could not be more unfortunate. Every country in the world has a COVID crisis on its hands, has to borrow more money and has to get a vaccination program in place at a time of borrowing more money and economic decline. So, to have the uncertainty of Brexit is extraordinarily unhelpful. To be honest, I don't think anybody outside of Boris Johnson's negotiating team has any idea. I would have said last Friday, that it was highly likely we would crush out without a deal, which would have catastrophic consequences in my humble opinion.

But then I think they realize that and the mood of business and everybody was to say, your job as politicians, you've been at it for four and a half years. You need to get this sorted. So, I'm more optimistic, but I think it's very 50/50. And I find it ironic that we're arguing with the Europeans about fishing rights, which represents such a small part of our economy and yet financial services, which is 16-17%, whatever it is, it doesn't get a mention. So very important to hopefully get a deal before the end

of the year. If there is no deal, then I think the political ramifications for the government will be quite serious.

KK: You bring up the point of the negotiation over fisheries. It's worth noting that the fishing industry represents a percentage of GDP to the U.K., which is about the same as the Harrods department store itself. But so, what it really comes down to though is sovereignty, which is right, I mean the fisheries and level playing field and all of that as a proxy for sovereignty, the umbrella issue. So, what is that re-introduction of sovereignty going to ultimately give the country?

MD: Well, look, I'm an optimist by nature. And when I look at LetterOne, the company that I'm Chairman of, you look it up, wide array of energy, technology, retail, healthcare businesses, and we're long-term investors. We see the U.K. as a great place to do business and long may that continue. I would sort of widen the discussion a little bit. I think what's happened during Trump's presidency is this culture of America first. What it did was it resulted in a mood swing and increased populism around the world, which was roundabout, well look after your own country. Doesn't matter about globalization. Forget about global cooperation. So, I think over the last few years, we've seen, unlike the financial crisis, and that's how I ended up in government, there was huge cooperation, G8, G20.

To a degree it's fallen apart, it's gone backwards. So, I think, WHO, the World Bank, the cooperation on a crisis, like the one we're going through, the global cooperation just disappeared, and every country has been looking after itself. So that mood, that increased populism led obviously to a decision by the voters to have Brexit. I was a very passionate remainer, but we are where we are. So, I'm optimistic about the future of the U.K. because it's a very innovative country, but I'm

disappointed that we're no longer part of the European Union or are going to be part of the European Union.

KK: Now to some degree we have not seen, or at least we have yet to see some of the worst effects. You refer to the financial services industry. We have not seen a completely wholesale move from London to other financial centers in Europe and whatnot. But I guess my question for you is assuming we get a deal, which obviously is going to be a pretty bare bones deal at best, but I agree with you about the optics and the political ramifications of that. But where do you think the first, I mean, I know we have these fears that we're going to see lines of trucks at Dover, or Calais waiting to get in and get to the other side and all of the sort of logistical challenges, but from a political perspective, where do you fear the real, the first conflict could come between the U.K. and the EU moving forward?

MD: I think it is on the very issues you highlighted there. I think one of the great aspects of logistics and freedom of movement of goods across the world has been, and we see it in the way that the Amazons of the world are able to do it. I think we're in a digital age where products from all over the world can come to your home in a matter of hours. And we have to make sure that that partnership with Europe doesn't destabilize. So, the free transportation of goods, medicines, food, etc. are very critical issues for me.

I think the other thing is that the U.K. had a spell where immigration became the big issue during the Brexit debate. For me, it's a personal view, but I think immigration, controlled, is unbelievably good for your culture. And that has added huge strength to the growth of the U.K.. So, I think that what we have to watch is that we restrict talent coming into the country by making it so tough to get visas for work, etc. So, for me, in this era of flexible working and more

international culture and companies, we've got to make sure that we have an open market for talent. I think there's going to be an argument over that.

KK: Yeah. So, let's step back and look at the bigger picture here. I teed up the environment that we're in at the beginning of the call here, but it seems to me that there's been a change though in the trajectory of some of the big tectonic trends that are out there in the world that have been shifted by the pandemic and the response, particularly by the United States and some of the other major powers, but there's been changes in the trajectories of globalization. The digital revolution has been clearly accelerated. The U.S.-China rivalry has only gotten more intense. And of course, looming all over of this is climate change. So, in contrast to what you were talking about back in May, what have you, and by you, I'm talking about you as a proxy for board chairmen everywhere here, what have you learned? What has not played out as you would have expected back in May, and what are the big adjustments that you're making or being forced to make as you head into 2021 and the prospects for recovery?

MD: I had dinner with the, or drinks with the CEO of LetterOne this week. And, we were talking about what are the lessons we've learned. And I think whether you're a CEO, Chairman or an individual, you're going to look at what have I learnt about myself? What have I learnt about the company during the last 12 months? I think we've realized the value of family. We realized the value of communities. We've realized also in a different way how important work is. And I think we've also realized that the world and companies within it can work in a completely different way. The old model has gone.

And so, we are going to see more flexibility in the workplace. We're going to see more digitalization. We're going to see the impact and importance of youth in a company and in a culture grow. And I think additionally, and you mentioned a number of the issues, we're going to see more and more and more focus on ESG and climate change. So, it's not sort of going too broad with the answer, but I think inequality has increased across the world as a result of the crisis. You look at the food and beverage industry in the U.K., it employs three million people, a huge percentage of those people are going to be unemployed. The impact across America, across the world, on certain sectors, which you refer to, is going to be profound. So, I think every chief executive has a full in-tray he or she will have to manage at the beginning of '21.

KK: So, I want to unpack some of that, but before I do, you sort of alluded to something and I'm just interested in your thoughts. People are always, especially as we get to the end of the year and everybody's prognosticating what's to come, and I feel like we've had some early obituaries for the role of the city in the world, not the city of London, but cities in general. And we hear about it a lot here in New York, corporations moving out, people doing more and work from home, so they're moving to either lower cost environments or where they can have more space, or better weather, or whatever the case may be.

And we've heard this before when cities have gotten carved up in the past, but they're pretty resilient, and there's a lot of things that can only happen really in cities due to the scale they afford. But what do you think about places like New York and London, and how they have been permanently changed? Or do you think that they're more resilient than that, and they're going to bounce back?

MD: No, I still think cities are very resilient. I think cities become centers of excellence for industries, they become like a cluster of activity. Now some of the clusters may move to the edge of the cities, but are we going to see a total removal of talent, senior execs, and business into the rural areas? No, I don't think so.

I think short term, what this does, it forces every chief executive to start the year, and maybe it's in March or whenever, when it's a little bit clearer on the picture on vaccines and COVID, I think that as a chief executive, having been one, you've now got to think, "Right, what have I learned about the culture of my firm during the last year? I've seen some people rise to the challenge, like any crisis, and I've seen some people disappear. So those people of all ages, and all stages in the company, who's really, really risen to help me as a leader in the crisis?" So that's number one.

"How has the culture of my company been affected? Because I've not been able as a leader to see my people in the same way as before." Which I used to be at Standard Chartered because your nearest operating unit was eight hours away, so you had to become what I described as a remote manager.

So, I think there's a huge debate to be had what's been the impact of COVID on the culture of your company? How flexible are you? And how can you speed up the digital reform, as I mentioned? So, I think that CEOs are going to have to think very differently about their businesses.

Now, do I think that they will have to look at the locations strategy, etc.? Yeah, absolutely. But I do not believe the cities are dead, and yeah, a lot of people I see in my personal life have suddenly said, "Right, we're moving to the countryside, that's it I'm getting out of London," or whatever it might be, or even New York.

And you'll say, "Well, what happens if we decide to do three days a week in the office?"

"Ah, yeah, well, I'll cross that bridge when we come to it."

So, I think there's going to be a lot of reversing of lifestyles.

KK: So, you talked a lot about culture of an organization, and you've talked about the people who have become influential in the way you were thinking. And then I'm wondering if that's a different profile than people who have had that influence in past crises? Are you having to look deeper in organizations to sort of look forward in a sense, sort of get the ideas of how to move forward? And if it is a different profile, and if you are having to look deeper, what are the long-term implications of what leadership, by leadership, I'm talking about C-suites and boards, is going to look like? Or am I making too much of this?

MD: I think that I've said this before to you that in the past, you reached the top of a company, or a private entity, and with years of experience, you develop the intuition to make decisions, and the youth that were coming through the company would look upstairs to get the words of wisdom. But that's now changed, and those at the top of the company are having to really engage with the youth of the company in a very different way.

And that is because the speed of change in the digitalization of everything is so fast, and they will have a better grasp of the issues than you will at the top. They'll have a better sense of what the new generation is feeling about diversity, about climate change. And we talk a lot about this at LetterOne actually, in terms of how do we engage, we're private long-term investors, how do we become a leader in ESG, and how do we make sure that we're really engaging with the youth?

So, yeah, I do think that it's different. If you're at the top of a company, a lot of listeners will be in the top hundred or whatever the number is in a company, I think you've got to figure out how I engage with young people in a different way. Because the speed of change is so rapid, you've got to read more, you've got to stay relevant, otherwise you become a prehistoric monster pretty quickly.

KK: At the beginning of our conversation, I alluded to Milton Friedman's 1970 article, for those who are unfamiliar with it basically he laid out the premise that the social responsibility of the corporation is to maximize profits, and then by extension to maximize their stock price.

Are we seeing an evolution of that social contract? I know for years regulators have tried to impose themselves on corporate behavior and certainly activists have. Not activist investors, but activists out in the NGO world, and the like. But now increasingly with benchmarks that are related to ESG and whatnot, investors, and institutional investors themselves are becoming more forceful on this front. And leaders in the industry, Larry Fink and Jamie Dimon, but obviously also the incoming Treasury Secretary, Janet Yellen, all sort of at the forefront of this. How do you see the evolution of the role of the corporation, and what that also means for the profile of leadership?

MD: Well, I think it's profound change. I'm old enough to have lived through, no criticism of him at all meant in saying this, but the Jack Welch era, that it was all about driving shareholder value.

And then it became, when I was CEO, we started to talk more about CSR. And I remember talking about CSR and the shareholders, they were yawning, "Yeah, but what's your EPS?"

What are your earnings per share going to be this quarter, this half?"

But when I look back on my time as CEO, one of the proudest things, or the thing I'm most proud of, is the stuff that we did in seeing and believing in terms of curing cataract operations and making a difference across the world. So we went through a CSR era, and today we're going through a new era where yes, of course, you're not going to survive as an executive if you don't produce the returns, but you've got to, I used to use the expression a decade ago, "Profit with Principles," I think it's gone up a notch. You've got to be minded to care for your employees, care for the communities in which you operate in. And you have absolutely got to embrace ESG. And if you don't, your staff will kill you or the customer will.

So, I think the CEOs, or the companies, or the boards listening that don't get this, and they say, "Yeah, that's just a trend, it'll pass," well you're going to die as a business.

KK: And what's driving this seminal moment? Is it the standardization of how to measure this, and institutional investors adhering to it? Is it the power that has been handed to your customers via social media and other campaigns? Is it broader activism? Or is it just that the stars have aligned on all of those things now, not to mention then the dislocations caused by the pandemic, and the social justice movement that puts everything in stark relief? Is it that confluence of factors, or is there something else catalyzing?

MD: No, I honestly think we're in a more transparent world where bad things are more visible. You can see them on, whether it's any social media channel, you get it immediately. So, there's an immediacy to bad news, to bad behavior, etc. There's nowhere to hide now.

And so I think rising inequality, rising issues around climate change have literally been brought to everybody's home, and the consumerism, and the wastage that goes with it, everybody now feels, which companies now embrace it, they realize, not all companies, but great companies do, great management teams, realize that in a world of rising inequality, rising debt levels, with more regionalization, that actually we have to do more, because we're passing on the world that will deteriorate very fast, to the next generation.

So, I think, and we've seen it right across the world, we certainly saw it right across the U.K., this emotion, this wave of emotion towards the NHS, and towards helping everybody almost as mankind across the country during COVID.

So, for me, I do think that genuinely management teams and individuals are going to have to step up their game on ESG and other issues. And diversity, we have seen some horrible activity in the U.S., and that has shocked the world. And we have just got to get better and better on diversity. Otherwise activism and trouble will rise.

KK: So, this is a perfect segue, I think, because if we're going to talk about the evolving role of the corporation, inevitably we have to ask ourselves about the role of government as well.

And you're somebody who has been on both sides, in government as well as in the C-suite and boardroom. But we have seen over the course of this pandemic, that there are some things that only government can provide, and only government can efficiently plan for.

On the other hand, government, as you've suggested, has failed us in so many ways, but not necessarily always in obvious ways. One of the most interesting conversations we've had on this call has been with

Commissioner Bill Bratton, who when responding to some of the issues regarding police in the wake of the Black Lives Matter Movement in the U.S., and the calls for defunding the police and so on and so forth, is that one of the things he suggests is that it represents a failure of our government, and a failure of us as a society. That one of the reasons the police get called out on all of these things is that they are the last bastion in a way.

Things that have not been addressed in our society, inequality, unemployment, poverty, drug use, etc., when that then explodes into a problem, only the police is there to deal with it, when it should have been dealt with long before, by other elements of government.

So how do you see the role of government evolving as you've looked at their responses to the pandemic?

MD: I think certain countries have done really well in making it very mobile for businesspeople to go into politics, and for politicians to go into business. France is a good example. I'm not saying they've got everything right but moving on to the dark side as I call it when I did a couple of years in government, I loved every second of it. I didn't get paid, huge sacrifice in so many ways, but it was just a unique moment. And I really owe a huge debt of gratitude to Gordon Brown for asking me. I think we need more injection of external talent into government. And the reason of that is it's a tough gig. It's a very, very tough gig with all these issues that we're talking about, solving them. It's very tough and you need diversity of thinking, you need diversity of backgrounds.

We're talking about this one the other day. We need better leaders across the world at a time of huge change. And we need more mixing of backgrounds. And this idea, certainly in Britain, that you leave university or college, whatever,

and school, and then become like a political advisor, then you become an MP, then you're suddenly running the country. Well, I don't think it works anymore because the complexity of the issues that you and I have discussed are huge. And I think we've also got to accept that we haven't discussed China. Modern democracies are going to have to modernize and have to accept that some of the other big beasts of the economies of the world have a different model.

KK: You bring up this point of the needing diversity of experience in government service and that it's a tough gig and whatnot. I think it's becoming clear in the United States that something has changed with regards to government service. And that's partly demonstrated by the sharp partisanship on both sides, but I would also say it doesn't feel like we're sending our A team to Washington or to government service anymore. And part of it is there's always been a differential in the remuneration of government service for business private sector, but that's grown extremely large now. But the cost of getting elected requiring the 24/7 fundraising cycle, the fact that you, your family, everybody you know, everything you've ever done is going to be open for public scrutiny and criticism. Have we poisoned the well though in a sense for trying to attract our best and brightest into government service?

And I would add to this question that it appears that in China, still the best and brightest are going to Beijing and into government service. They are sending much of their A team there. And that's the competitive environment that the Western democracies are going to be facing for the remainder of this century and beyond.

MD: Yeah. Look, we could be here all day talking about the U.S. system. And I'm not the expert, I'm just a Brit, but what I would say, I don't like your model of raising this vast amount

of money. For me, it just doesn't make sense. And it's not my idea of democracy. So that needs looking at. I think the transparency, the exposure of the family and every past activity is a little bit over the top. It doesn't mean to say that you shouldn't be questioned or whatever, but it will put off lots of people, great, talented people who want to make a difference. We need, and it is true of the U.K. as it is America or anywhere else. We need people with talent who want to make a difference, who are willing to make a sacrifice to move into government, because the nature of the challenges over the next few years, they're going to increase.

And I think if I may steer toward China, the reality of China, it's not going to shrink, right? The number of people is going to increase. It's going to get more and more technologically savvy. We can treat them as the enemy, but they're not going away. And they're our partners and we're in competition with them. That's the nature of global cooperation, but we need them to have a seat at the top table because they're going to be the biggest economies. So, I do think we need more internationalism in political leadership. We need more big thinkers, because the issues are profoundly huge.

KK: We've talked about the shortcomings of government here to a certain degree, but they aren't to blame for everything. And I'm curious what your thoughts are about society, because government changes faster than society does, at least in the democracies. And yet, we've had some democracies that came together and addressed the pandemic in very, very different ways, some with great success, right? So, the United States and the United Kingdom, not particularly successful on this front, but Taiwan, South Korea, Japan, democracies all, addressed it very, very effectively. And their governments are coming under intense pressure, because the pandemic is worsening. But then when you look at the numbers on a per capita basis,

it's still de minimis compared to what we're seeing in the United States. So why do you think some societies have performed better here than others?

MD: Yeah, I'm not sure I've got the answer. It's a great question actually. Going back a step, living in Asia for a long time as I did, one of the most extraordinary things is to see so many talented people going into government. And we've had lots of talent going to the civil service in the U.K., but I think one of the most extraordinary things that's going on at the moment across every society is innovation. Changes that might have taken years are now happening in months. So, I'm optimistic that as a result of COVID, we're going to see extraordinary innovation in science.

I mean, one of the proudest things about the last 12 months, and the Wellcome Foundation made a statement about it yesterday in the U.K. is wow, didn't science step up in that moment of crisis across the world, in the U.S., U.K., etc. So, I think we're going to see unbelievable innovation. And I mean, right across every industry. And that's why I go back on this issue of how do you blend the experience of years of management experience and link in with entrepreneurs and young people who really are moving with great speed? It's a great challenge. I think the other thing is we've had an era of populism and we'll see whether that continues. Not sure.

KK: We've talked about the private sector, and we've talked about government as sort of discrete silos. Let's talk a little bit about how they can cooperate, because that it seems to me is where there is some force multiplication to occur. And we've seen examples of that even this year, right? So the challenges of distribution and the supply chain and all that are all going to be questioned for a long time, but let's be honest, Operation WARP Speed was a critical element in getting a lot of

private companies to take risk here and to accelerate the development of the vaccines. And in a completely different realm, you could look at something. One image that was positive for a lot of people this summer when things were not that great was watching the phenomenal success of the Space X Program. And everybody kind of watched that launch and landing like we did the first moon landing, but point being that NASA and Elon Musk's company worked in great cooperation, and there were subcontractors from all 50 states involved and so on and so forth. So, when on big issues, government and the private sector come together, powerful things can happen. Is there more of that germinating out there, do you think? Or where are we going?

MD: Yeah, I think I look at the changes that have happened in the last year. One, in our retail business, in healthcare, in tech, it's just, wow. As much change in the last 12 months as happened in the previous five years, which means that your management really has to adapt quickly as I said earlier. What I do think is going to happen is if your new president, president-elect, is able to get global cooperation, a G8, G20 discussion around the big issues of climate change, inequality, etc., then I would be very optimistic. Because if you do that, coupled with the innovation that's going on across the world, we could have just one of the most exciting eras ever, but it will require a mixing of business and politics, and it will require a mix of countries.

One country can't do it on its own. And I think what COVID did, it highlighted that people were traveling all over the world and taking the disease with them. We're one planet. And we just didn't react in that way. You think of COP21, the climate change conference that's going to be held in the U.K.. That's a big moment for my children and for my children's children. It is the moment when we need to come together. And I think the health and wellness agenda as

an item in the world I think it's just come center stage, things like obesity, diabetes, etc. We're going to see changes in preventative health and monitoring of health that we've never seen before. And I think COVID has done that. And we see that in Holland and Barrett, which is the retailer we own in the U.K. at LetterOne. So, I think health and wellness, tackling inequality, obesity, etc., on a global basis, yeah, it makes me very optimistic. I wish I was 40 years younger.

KK: I mean, on this question of government and private sector cooperation, it seems to me that one of the great drivers of populism that we have seen has been the sort of erosion of or the dearth of opportunity for large segments of our populations, particularly in the sort of middle class and working class elements of our populations in countries like the U.S. and the U.K. and elsewhere. And economists like to think that there's perfect flexibility in systems.

If a job disappears in your town, you just move to the town where there is a job, but the reality is obviously far more complex than that. And as we head into this 21st century economy, the digitization and all of the things you're talking about, it seems to me that one of the critical areas that we're going to have to focus on is the retraining of our workforce. And that's not something that can happen overnight, and it's not something that's going to happen purely at the major research universities, the Ox-Bridges, and the Ivy Leagues, and the like. It's sort of at the community college level where people can be retrained for the industries of tomorrow. But companies are going to have to help guide government as to where those resources should be going, what industries and competencies should be focused on, no?

MD: Well, no, I think I look at it another way. If people are going to live to 100 and beyond,

right? Why would they go to university at 18? Why don't they go at 25? If they're going to be working until they're 80, with increased pension liability, problem of health, fixed costs, etc., the whole model for the way we run education, the way we run companies, it's going to change. I think this old-style model where your kids leave school, high school, they go to university, or maybe they go straight into the workforce, I think it's going to change because they're going to have three or four careers. They're going to live a lot longer. So, there are many books written about this, and Lynda Gratton in the U.K. has written a couple of books. It's a fascinating subject.

I think if you're a company or a leader in education, you've got to have a think about this. Are we teaching the children of tomorrow and the adults of tomorrow, the children of today, the right values and the right sort of culture and subjects for the world of tomorrow? And I don't think we are. I think in most countries, we're doing the stuff of yesterday. Look, I can't fix that. But if there was one thing I would do, if I was waving a magic wand in that area, I would have a real cooperation in a country and with one or two countries together to look at how we're teaching the youth, so that they don't get angry, and we're able to get everybody embracing the need to reduce inequality.

KK: But does the private sector have a role to play here in directing some of this, or is this purely a function of government? I mean, I see that you look at schools and private schools and the like, and Silicon Valley area, and they've got an embarrassment of riches in terms of teaching kids at a very early age how to code and whatnot. So that digital divide is growing already, exacerbated by the disparity in availability of technology during the pandemic for students. But does the private sector have a bigger role to play on this education front?

MD: It does, absolutely. Post-2008, business, not just financial service, but all business got discredited, and it lost its voice across the world. And then, we've had the technological giants emerge, Facebook and Amazon, etc. I think corporates are going to have to do more on this issue of, back to the original conversation about the role of a corporation.

I think, though, as an individual, to anybody who's still listening, I would say you've got to, first of all, look at your strengths. You've got to look at what am I good at? What areas do I need to develop? But you've also got to think about how am I going to stay relevant? How do I reinvent myself? How do I re-skill myself? How do I continue to have a voracious appetite to grow and learn?

So, I think companies really need to invest more in learning and training and development. And then, we collectively through webinars, through everything, we've got to get corporates to realize they're going to have to step up. They're going to have to have a voice on subjects. They're going to have to speak up, whether it's through Teneo or whatever. Corporates cannot stand on the sideline given there's so many issues going on.

KK: So, given this tableau that you have painted over the course of this conversation, you represent some very significant investment firms. Given this picture you painted, how do you see the opportunity right now? Over the next few years, what are you looking at, you and your colleagues looking at? And how are you addressing the investment climate now?

MD: Well, I think we're looking at the future with great excitement, if I was summing it up. This digitalization, this health and wellness that I mentioned earlier, this reaching into the youth of today, I think what we're going to have is an explosion of innovation and entrepreneurship

around the world. And so, we at LetterOne, as long-term investors, we've got to make sure we're part of that.

So, I'm incredibly optimistic that the president-elect of the U.S. will be able, when he's in situ, to bring the world back together for cooperation. I think that is the pivotal thing that he has to do, and he has to unite America. America feels very divided today, and it has to come together. It is the most important democracy and economy in the world. But it's coming across as very divided, and we can't afford for the rest of the world to have America so divided. So, I think it's a pivotal moment for America, and I am optimistic, and I truly believe the only way we're going to tackle some of these big issues is cooperation on a global stage.

So again, I'm optimistic. But I think as an investor, you've got to make sure you've got the talent that can move with great speed to what is such a fast-moving environment. And I think we have at LetterOne and I think in the various things I'm involved in, I think we talk about it a lot at Corsair and ICG. The bar is rising on talent. And I think my final comment on talent is this is an era where evaluation of talent in lots of different ways is going to be one of the big issues for boardrooms.

KK: Yeah, interesting. And you talk about the opportunity presented by these dynamic sectors and where we're going. Looked at another way, has different geographies become more attractive to you or less attractive as a consequence of the last few years in the evolution of the environment?

MD: The U.K. is introducing this act, a bit like CFIUS you've done in the U.S. I think we have to make sure that international investment is very open, and that we don't turn off every Chinese corporate that wants to invest. On the other hand, we have to manage national security, etc.

I do believe that Asia continues to have extraordinary opportunities. And I think, I chaired the U.K.-India Business Council, I have had a lot of experience in India. I think India remains very, very exciting as an opportunity, as a country of scale, etc., but so does the whole of Asia. I haven't changed my stance on Europe or the U.S. or Latin America or Africa. I think Africa has been slightly forgotten in the last decade, and COVID, obviously, is hitting it badly. But I think Africa will get back onto the global agenda in the next few years because it has been slightly forgotten as a continent in the last year or two.

KK: It is interesting because China has not forgotten Africa. So, to the extent that it re-emerges in the consciousness of the Western economies, it's going to be a dynamic space for sure. I want to take the last couple of minutes here, though, to shift a little bit because we've been talking about so many elements that pertain to our work. But it may not feel like it, but we do have lives beyond work. And I want to just tap into your experience with organizations and events like Wimbledon and Glyndebourne and whatnot.

We are anticipating the return of mass events, whether they be sporting or cultural. I know Wimbledon did not happen in 2020. I'm hoping it happens in 2021. Obviously, Japan is hoping to pull off the Olympics. But how are you and your colleagues in those two spheres starting to prepare for 2021, and how do you see things changing, and which changes will be permanent, do you think, in how we host these events?

MD: Well, one or two listeners will smile when I say this. Look, when you hang up your boots, you won't be judged on what EPS you produced. You'll be judged on what talents you helped produce and what contribution you made to a variety of things, including your company.

For me the more you put in the more you get out. So, I love being involved in the arts and in sport because I'm a sports fanatic. But I think that there is no doubt that the arts across the world, and particularly in the U.S. and Europe, the arts industry, museums, galleries, you name it, and sports have been decimated by this crisis. And the U.S. government and the U.K. and other countries have done a good job in putting money to support the clubs, structures, and whatever.

But I think a lot of these different parts of the arts are on its knees. And we need the philanthropists to be very generous, and we need people who can afford to really help the arts. I think on sports, look, I'm very optimistic about Wimbledon next year. I do think that the consumer appetite for sport is huge now. So, I think the sooner it gets back, the better, but obviously in a safe way. I think the arts have been really badly hit, and I think sponsorship is going to be very important over the next few years for the arts organizations.

KK: Well, with that, thank you. Thank you very much. We're coming up on the bottom of the hour here, and I want to thank you for all of your insights today and your thoughts and for your continued partnership with Teneo. We very much appreciate it.

I want to thank all of our audience for joining. You can access many of our past calls as well via podcast now. We're available on all the major podcast channels. If you have any questions that weren't addressed today, please don't hesitate to reach out to your Teneo contact or teneoinsights@teneo.com.

As I mentioned at the outset, this was our last call for the year, but we will be back on Thursday, January 7. In the meantime, I want to wish everybody a very happy holidays, be safe out there. The vaccines are coming, so let's just all get there in one piece. Mervyn

Davies, thank you very much, and thanks everybody. Have a great day and all the best.

MD: Kevin, thank you for doing them. And my final message is a Happy Christmas to everybody.

KK: Thanks so much. Have a good day.



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